Supreme Court, U.S.
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No. 02-300

IN THE

Supreme Court of the United States

EPPENDORF-NETHELER-HINZ GMBH,

Petitioner,

v.

RITTER GMBH AND
RK MANUFACTURING, INC.,

Respondents.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

REPLY BRIEF OF PETITIONER

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REPLY BRIEF OF PETITIONER

INTRODUCTION

Aware of the infirmities of the decision below, respondents seek to re-direct the Court's attention away from the Fifth Circuit's ruling and the questions presented by the petition. Respondents engage in pages of selective and misleading—and, above all, wholly irrelevant—discussion aimed, apparently, at suggesting to the Court that the jury, district court, and the court of appeals should have ruled in their favor on the basis of laches. See Opposition ("Opp.") 1-3. None of them did so, of course, and nothing relating to any purported laches issue or litigation has any bearing on the instant petition.

Respondents finally acknowledge beginning on page 4 of their opposition that the questions presented here relate to the "non-functionality" or "functionality" of the Combitips trade dress owned by petitioner, but then shift direction, this time launching into a lengthy selection of assorted factual assertions that bear little resemblance to the findings or the record of the two-week trial in this case. See Opp. 4-7. For example, although embracing the Fifth Circuit's ruling when it suits their purposes, respondents nonetheless contend that there was insufficient evidence of available alternative designs, see *id.* at 4-5, a contention soundly rejected by the Fifth Circuit. App. 9a ("Indeed, there is extensive testimony in the record regarding available alternative designs for each of the eight elements."); Petition ("Pet.") 7-8, 10.

These efforts at misdirection and misstatement cannot salvage respondents' strained efforts to deny the existence of a circuit conflict. See Opp. 8-10. The Fifth Circuit decision below plainly conflicts with the Federal Circuit's decision in *Valu Eng'g, Inc.* v. *Rexnord Corp.*, 278 F.3d 1268 (Fed. Cir. 2002), as to whether, in light of this Court's decision in

TrafFix Devices, Inc. v. *Marketing Displays, Inc.*, 532 U.S. 23 (2001), evidence of the availability of alternative designs remains relevant in determining whether product trade dress is legally "non-functional" or "functional." Nor can they paper over the misreading of *TrafFix* that resulted in the Fifth Circuit's erroneous conclusion that *TrafFix* changed the traditional test for determining "non-functionality" or "functionality" so as to limit Lanham Act protection to trade dress that is composed only of "ornamental" or "arbitrary" or "incidental" features. The Fifth Circuit's fundamentally flawed reading of *TrafFix* effectively creates a new, threshold test that ignores the crucial and long-recognized distinction between *de facto* functionality and *de jure* functionality, and thus calls into question the continued viability of protection under the Lanham Act for "non-functional" product trade dress.

ARGUMENT

1. Respondents contend that no circuit conflict exists based upon the contention that in *Valu Engineering* the Federal Circuit affirmed a ruling that the product design at issue there was legally "functional" on the facts of that case. Opp. 9. This cannot be regarded as a serious argument against certiorari. It cannot be gainsaid that circuit conflicts exist based upon conflicts regarding matters of law or legal interpretation, whether of statutory or constitutional provisions or decisions of this Court. In *Valu Engineering*, the Federal Circuit analyzed this Court's decision in *TrafFix* at length, including the patent-related and product-specific evidence that was determinative there, in holding that evidence of the availability of alternative designs remains relevant after *TrafFix*. This legal standard is binding in trade dress registration matters pending before the United States Patent & Trademark Office ("PTO"), and thus has a nationwide impact upon product trade dress rights in this country. Without considering these aspects of *TrafFix*, the

Fifth Circuit came to the opposite conclusion and applied a contrary legal standard. In short, the Federal Circuit concluded that *TrafFix* did not change the traditional test for determining "non-functionality" or "functionality"—a conclusion consistent with this Court's re-affirmation of the *Inwood* standard in *TrafFix*—while the Fifth Circuit held that *TrafFix* superseded its well-developed "functionality" jurisprudence, and did so even though this Court had previously cited that jurisprudence with approval. Pet. 20 & n.12.

This conflict simply does not disappear because on the facts of *Valu Engineering*, the Federal Circuit did not find that the product trade dress there was "non-functional." Indeed, the PTO's Trademark Trial and Appeal Board ("TTAB") recently has applied the holding of *Valu Engineering* that alternative design evidence remains relevant after *TrafFix* on at least one occasion in finding a product design trade dress to be "non-functional," rejecting contentions of both "utilitarian" and "aesthetic" functionality. *Newborn Bros. & Co.* v. *Dripless, Inc.*, Opposition No. 113,471, 2002 WL 1899729, at *7-*12 (T.T.A.B. Aug. 16, 2002) (not citable as precedent before the TTAB) (involving the color yellow as applied to a caulking gun). Thus, a conflict plainly exists, involves an issue of recognized importance to our national economy, Pet. 11-12, 20-22, and will arise on a recurring basis. The PTO will continue to consider product trade dress registration applications and related proceedings,[1] and when faced with infringing users, trade dress owners will continue to be compelled to file suit, including in district courts within the

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[1] The TTAB hears proceedings instituted by interested parties seeking the cancellation of existing registrations, oppositions filed against applications that have been approved by a PTO trademark examiner as meeting the criteria for registration and "published for opposition" prior to issuance of a registration, as well as appeals by applicants of registration refusals issued by PTO trademark examiners. *See* 15 U.S.C. §§ 1062-1064; 37 C.F.R. §§ 2.101-2.146. *Valu Engineering* involved an appeal to the Federal Circuit of a TTAB opposition proceeding ruling.

Fifth Circuit, to protect and enforce trade dress registrations granted by the PTO or their common law trade dress rights.

Moreover, to the extent arguably pertinent here, the facts of *Valu Engineering*—or, more precisely, the types of functionality evidence presented there—are instructive given their similarity to *TrafFix* and the stark contrast they pose with the facts in this case. *Valu Engineering* involved a trade dress that had been the subject of a utility patent application that disclosed certain utilitarian advantages of the claimed design, the registration applicant's advertising focused on the utilitarian advantages of the product (rather than the look or appearance of the product),[2] alternative designs were limited at best, and the claimed design resulted in a comparatively simple or cheap method of manufacturing.[3] *Valu Eng'g*, 278

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[2] Respondents claim that the petition inaccurately states that the marketing and promotion of the Combitips focused on the look or appearance of the Combitips design. Opp. 4, 6. The record is uncontradicted, however, in this regard. *See* Pet. 7 (citing record). For example, Robert Diller, who was closely involved with the marketing and promotion of the Combitips during nearly the entire period of time from the introduction of that design into the U.S. market to the time of trial, testified that:

> We wanted to be sure that we caught the design, shape and the silhouette of the instrument because, again, it was very unique. The marketplace had not seen anything like this before. And as I said earlier, the advertising [was designed] to be repetitive . . . .

T.299/1-6; *see also* T.256/2-6 ("We put together a marketing plan, an advertisement plan on how to promote the product, how to get the maximum exposure of the product, exposure of the look of the product and design of the product . . . [and did] that in several ways."); T.270/1-13 (the "unique" and "very identifiable" look of the Combitips "absolutely" was important in marketing and selling the product).

[3] Respondents assert that each element of the Combitips trade dress "was the simplest design available," but cite no evidence to support this assertion. Opp. 4. Nor did petitioner admit that "[s]implicity is functional," as Respondents assert at Opp. 4-5. The selectively quoted testimony that purportedly supports this assertion is immediately followed in the record by testimony that "there are many ways of making a simple design." T.394/12-13; *see also* T.394/21-395/3 (there are alternative

F.3d at 1272. Thus, all of the *Morton-Norwich* factors[4] weighed in favor of a finding of "functionality," *id.*, and, not surprisingly, the *Valu Engineering* court found substantial evidence existed supporting that finding. *Id.* at 1279.

Respondents also argue that the Fifth Circuit's failure to "even mention" *Valu Engineering* in its opinion means that the Fifth Circuit "presumably recognize[ed] that nothing in the Federal Circuit's decision was relevant to resolution of the present case." See Opp. 9-10. Rather than demonstrating the absence of a conflict, however, the failure to cite or discuss *Valu Engineering* further points to the Fifth Circuit's failure to analyze *TrafFix* properly or in depth. In addition to not mentioning *Valu Engineering*, the Fifth Circuit also failed to discuss the question presented in *TrafFix* or the patent-related and product-specific evidence that was determinative there. Similarly, the Fifth Circuit also was aware, for example, that no utility patent evidence existed in this case, that the advertising and promotion of the Combitips focused on the look or appearance of the Combitips design, and that there

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designs that "would be different and still simple"). Indeed, the record in this regard cannot credibly be disputed, *see id.*; Pet. 6-10; App. 27a-30a; App. 31a, as is at least implicit in the Fifth Circuit's finding that extensive alternative designs exist for each of the elements of the Combitips trade dress. *See* App. 8a-9a. Moreover, those courts of appeals that consider "simplicity" of design as a factor in product trade dress cases do not examine whether the design is "simple," but whether it is "comparatively simple" as to the available alternative designs. *See, e.g., Valu Eng'g*, 278 F.3d at 1274 (citing *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41 (C.C.P.A. 1982)); *Clicks Billiards, Inc.* v. *Sixshooters, Inc.* 251 F.3d 1252, 1260 (9th Cir. 2001) (citing cases). Respondents' argument also confuses the concept of "inherent distinctiveness" with "functionality." *See Morton-Norwich*, 671 F.2d at 1343 (TTAB improperly intermixed lack of inherent distinctiveness with functionality and erred in finding that design of spray gun was functional because it was ordinary looking). The concept of "inherent distinctiveness" is, furthermore, no longer applicable in the context of product design trade dress after *Wal-Mart Stores, Inc.* v. *Samara Brothers, Inc.*, 529 U.S. 205 (2000).

[4] *See Morton-Norwich*, 671 F.2d at 1340-41; Pet. 14 n.7.

was extensive evidence of available alternative designs. Of these, the Fifth Circuit only discussed the extensive evidence of alternative designs, Pet. 9-10, and then compounded its legal error by dismissing that evidence as irrelevant, holding based upon its misreading of *TrafFix*, that "alternative designs are not germane to the traditional test for functionality." App. 11a.; Pet. 10.

2. Respondents also contend that petitioner seeks a "rehearing of the *TrafFix* case" and to limit *TrafFix* "solely to the context of alleged trade dress features formerly covered by a utility patent." Opp. 10. This argument misstates petitioner's position and ignores *TrafFix*'s re-affirmation of the traditional *Inwood* test.

As plainly stated in the petition, under the traditional *Inwood* test the Combitips trade dress is "non-functional." This test applies whether or not the trade dress in question is claimed as part of a utility patent or application. In accord with this test, petitioner proved at trial that the Combitips design trade dress could be changed without affecting use or purpose or (adversely) affecting cost or quality. Pet. 6-9. Indeed, petitioner not only made this showing as to the overall Combitips design, but as to each of the individual elements of that design, and also showed that it had developed a design with a different trade dress that lowered costs and improved functionality. *Id.* at 6-7. .

As discussed above, the Fifth Circuit failed to address crucial evidence on the issue of "non-functionality" in this case. The Fifth Circuit did acknowledge the availability of extensive alternative designs and that design features could be changed in appearance without affecting function. See App. 9a-10a. But, based upon a fundamental misreading of *TrafFix* that respondents seek to perpetuate, the Fifth Circuit reversed, effectively equating *de facto* function with *de jure* functionality and holding that, after *TrafFix*, only "ornamental," "arbitrary" or "incidental" product features are protectable as trade dress.

This Court did not so hold in *TrafFix*. As discussed in the petition (at 19-20), had it intended to do so, the Court quite simply could have noted, as was undisputed in *TrafFix*, that the springs in the dual-spring design at issue there were *de facto* functional and held, without more, that the design was *de jure* "functional."

Respondents do not answer this argument. See Opp. 10-12. This is because the "functionality" doctrine announced by the Fifth Circuit below is unsustainable given that all products are *de facto* functional and almost always contain features that serve a *de facto* function or purpose. Pet. 17-18. Indeed, even ignoring the consistent rule that "non-functionality" or "functionality" is to be determined based upon the trade dress as a whole, rather than selectively focusing on individual elements of the design, arguably all design elements can affect or contribute to the use or cost of a product, even if merely or purely ornamental. *Id.*

Furthermore, although respondents seek improperly to dispute the findings of the jury and the district court as to "secondary meaning," see Opp. 6, they ignore what actually is the relevant aspect of secondary meaning with regard to the "functionality" doctrine and the instant petition. Under *Wal-Mart Stores, Inc.* v. *Samara Brothers, Inc.*, 529 U.S. 205, 216 (2000), design trade dress can only serve as a trademark and thus be eligible for protection upon a showing of secondary meaning. It is, however, well-established that if a design is merely or primarily ornamental, it cannot serve a source-identifying function and thus cannot be a trademark.[5] Thus, if the new, threshold "ornamental, arbitrary or incidental" test set out by the Fifth Circuit is allowed to stand, trade dress owners would face a classic "Catch-22." The very evidence

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[5] *See* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7:24 (4th ed. 2002) ("A symbol or design that is only incidentally ornamental and decorative, can still be a trademark. But if a design is solely or merely ornamental, it cannot be a trademark.") (footnotes omitted) (citing numerous cases).

of "ornamentality" that a design trade dress plaintiff would be required to produce in order to prove "non-functionality" could be used to undermine any attempted showing of secondary meaning, thus negating any assertion of trade dress rights in that design.

In short, the new "functionality" test formulated by the Fifth Circuit conflicts with this Court's jurisprudence. This Court did not consider or announce a rule, either in Part III of its *TrafFix* opinion, as respondents suggest (Opp. 10-11), or elsewhere in that opinion, that only "ornamental" or "arbitrary" or "incidental" designs or product features could qualify as prosecutable trade dress. Rather, it emphatically re-affirmed the traditional *Inwood* test. 532 U.S. at 32-33.

3. Respondents assert that no further guidance is needed from this Court at this time either as to the issues of law raised by petitioner or based upon the facts of this case. See Opp. 7, 13-16. But the conflict generated by the Federal Circuit and Fifth Circuit decisions belies this notion as to the questions presented here. Those questions concern the protection of trade dress rights under the Lanham Act, a matter of recognized importance to our national economy, Pet. 4-5, 20-22, protection that is threatened and perhaps effectively eliminated by the decision below. *Id.* Respondents' characterize this concern as based upon a "myopic view of the role of product design trade dress," Opp. 13, but that concern is squarely grounded in important Congressional goals and the pro-competitive and pro-consumer benefits that protection is designed to achieve. Pet. 4-5, 12, 20-22. Moreover, respondents have failed to identify any benefit to our economy from the type of conduct in which they engaged in this case. *Id.* at 22.

Respondents' assertion that petitioner "merely seeks an advisory opinion about the future effect of the *TrafFix* decision" is similarly unavailing. Opp. 13. Respondents fail to explain why, absent repeal of pertinent provisions of the Lanham Act, "future cases are [not] likely to turn" (see *id.*) on

whether the lower federal courts properly apply the *Inwood* test in light of *TrafFix* or whether they will continue to distinguish between *de facto* function—which all products and arguably all product features possess—and *de jure* functionality.

Nor do respondents substantiate their curious assertion that the questions presented are not dispositive in this case. Opp. 7, 13. The Fifth Circuit overturned a unanimous jury verdict reached after a two-week trial and reversed the district court's judgment without remand solely on the issue of "functionality." That decision was based upon the Fifth Circuit's conclusion that *TrafFix* changed the law of "functionality," explicitly concluding in the process that the jury had been properly charged under its pre-*TrafFix* case law. App. 7a-8a.

Respondents also fail to explain why, if the "functionality" of the Combitips design was so conclusively evident that it rendered immaterial all evidence of available alternative designs (or other evidence of "non-functionality"), see Opp. 15, they nonetheless insist on disputing the very availability of such alternatives and seek to prop up the Fifth Circuit's decision on grounds other than "functionality."[6] Indeed, rather than supporting their position, respondents' efforts to re-write the record and to re-direct the Court's attention away from the legal issues presented here to immaterial and unsubstantiated factual assertions merely highlight the flaws in their argument and the clear need for review by this Court.

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[6] Respondents also fail to explain why, if they believed copying the Combitips design was lawful, they strove so mightily at trial to deny having copied it. *See* App. 18a-22a. Respondents even go so far to dispute in their opposition that they denied having copied the Combitips design at trial. *See* Opp. 7. The district court found, however, that they had denied copying the Combitips design, and also found that testimony to be incredible, specifically identifying evidence that respondents had doctored a photograph in an effort to cover up their intentional copying. *See* App. 19a-20a.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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